Message Text

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INFO OCT-01 EUR-12 IO-13 ISO-00 DEAE-00 CIAE-00 INR-07 JUSE-00 NSAE-00 SNM-02 TRSE-00 USIA-06 NSC-05 OES-07 OMB-01 EB-07 AID-05 AGRE-00 ABF-01 HEW-04 L-03 DODE-00 /083 W

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R 251446Z MAY 77 FM USMISSION GENEVA TO SECSTATE WASHDC 7650 INFO AMEMBASSY VIENTIANE AMEMBASSY BANGKOK AMEMBASSY PARIS

AMEMBASSY SOFIA
AMCONSUL HONG KONG
CINCPAC

CONFIDENTIAL GENEVA 4090

E.O. 11652: GDS TAGS: SNAR, UN, LA

SUBJECT: LAOS: PROPOSED UNFDAC PROGRAM

REF: (A) VIENTIANE 855 (B) VIENTIANE 780 (C9 VIENTIANE 761

SUMMARY: DURING CONVERSATION WITH MISSOFF MAY 20, MR. MACKENZIE, REPRESENTATIVE OF EXECUTIVE DIRECTOR OF UNFDAC, DESCRIBED IMPASSE WHICH HAS DEVELOPED BETWEEN FUND AND LPDR OVER PLANS FOR UNFDAC PROGRAM IN LAOS. HE ALSO SUGGESTED POSSIBLE RESOLUTION OF IMPASSE WHICH HE IS RECOMMENDING TO HIS SUPERIORS. DURING SUBSEQUENT CONVERSATION MAY 23, MR. WELLMAN, DEPUTY EXECUTIVE DIRECTOR OF UNFDAC RAISED OBJECTIONS TO MACKENZIE PROPOSAL AND REQUESTED US VIEWS AS PRINCIPAL DONOR. END SUMMARY.

1. MACKENZIE DESCRIBED THE IMPASSE BETWEEN FUND AND LPDR CONFIDENTIAL.

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SUBSTANTIALLY AS REPORTED REF C: I.E., OF \$200,000 AVAILABLE FOR LAOS IN 1977, UNFDAC WISHES SPEND \$150,000 ON CROP SUBSTITUTION AND \$50,000 ON TREATMENT AND REHABILITATION, WHILE LPDR WISHES SPEND \$35,000 ON CROP SUBSTITUTION AND \$165,000 ON TREATMENT AND REHABILITATION. FUND POSITION BASED ON DESIRE THAT CROP SUBSTITUTION FORM PREPONDERENT

SEGMENT OF ACTIVITIES IN LAOS, AND ON DOUBTS WHETHER \$165,000 IN ONE YEAR IS APPROPRIATE SUM FOR PROGRAM INVOLVING TREATMENT OF 60 ADDICTS. LAO POSITION SEEMS FOUNDED ON DESIRE TO MAKE CENTER AT KILOMETER 62 A MODEL OF WHAT THEY CAN ACHIEVE IN COMBATTING DRUG DEPENDENCE.

- 2. MACKENZIE HAS RECOMMENDED TO HIS SUPERIORS THAT RESPONSE BE MADE BEFORE END OF JUNE IN FOLLOWING TERMS (AND PROVIDED THAT BY THEN LAOS WILL HAVE ABANDONED IDEAS OF EXPORTING OPIUM OR DOMESTICALLY PROCESSING OPIUM INTO PHARMACEUTICALS): UNFDAC PROJECT WOULD BE EXTENDED TO LAST TILL END OF 1978 AND FINANCING WOULD BE INCREASED TO \$500,000. OF THIS, \$335,000 WOULD BE USED FOR CROP SUBSTITUTION PROJECTS TO POPPY GROWING AREAS, AND \$165,000 FOR REHABILITATION OF KILOMETER 62, THE LATTER TO CONSIST OF RURAL DEVELOPMENT PROGRAM INVOLVING FISH PONDS, SILK CULTURE, ANIMAL HUSBANDRY AND INTRODUCTION OF EXPERIMENTAL CROPS (NOT IN SUBSTITUTION FOR OPIUM BUT TO DIVERSITY AGRICULTURE).
- 3. MR. WELLMAN WAS AWARE OF MACKENZIE'S RECOMMENDATIONS, BUT HAD MISGIVINGS ABOUT ENDORSING THEM FOR PRESENTATION TO EXECUTIVE DIRECTOR DE BEUS, WHO WILL RETURN TO GENEVA EARLY NEXT WEEK. WELLMAN BELIEVES THAT IN VIEW OF FUND'S FINANCIAL STRAITS, \$165,000 IS STILL TOO MUCH FOR FUND TO INVEST TO END OF 1978 IN TREATMENT AND REHABILITATION AT KILOMETER 62. HE APPREHENDS THAT THIS SUM WOULD BE TOO HIGH A PRICE FOR LAOTIAN AGREEMENT AND MAY CONFIDENTIAL

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SUBJECT FUND TO CRITICISM BY CONTRIBUTORS. HE WOULD WELCOME US COMMENTS ON DESIRABILITY OF PROCEEDING WITH PROGRAM BASED ON MACKENZIE RECOMMENDATION.

- 4. MR. WELLMAN NOTED THAT MR. SAENGER, DND DEPUTY DIRECTOR FOR OPERATIONS, HAD DISCUSSED LAOTIAN PROGRAM PROSPECTS WITH DR. BOURNE, WHITE HOUSE SPECIAL ASSISTANT, AND HAD RECEIVED IMPRESSION THAT BOURNE FAVORED PROCEEDING WITH PROGRAM IN LAOS.
- 5. COMMENT. MR. MACKENZIE'S TWO PROVISOS MAY TAKE LONGER THAN SIX WEEKS TO BE SATISFIED. SESSION OF INCB CURRENTLY IN PROGRESS DOES NOT APPEAR LIKELY TO DO MUCH IN WAY OF REINFORCING ITS PREVIOUS ACTION AGAINST LAOTIAN OPIUM EXPORTS. UNFDAC, HOWEVER, IS ATTEMPTING TO ARRANGE BRIEFING IN GENEVA FOR WHO OFFICIAL, (PRESENTLY ON HOME LEAVEIN EUROPE), WHO HAS BEEN PROMOTING IDEA OF ESTABLISHING DOMESTIC OPIUM PROCESSING INDUSTRY IN LAOS, IN ORDER TO DISSUADE HIM FROM THIS POSITION. IF PROVISOS COULD BE MET, OR IF

PROSPECTS FOR A LARGER PROGRAM COULD BE USED TO INDUCE LPDR TO ACCEPT THEM, THE PROGRAM PROPOSED BY MACKENZIE WOULD APPEAR TO MERIT SERIOUS CONSIDERATION, PARTICULARLY IN VIEW OF AMEMBASSY VIENTIANE'S CONCERN OVER POSSIBLE CLOSURE OF UNFDAC OFFICE IN LPDR (REF A). MISSION REQUESTS DEPARTMENT'S GUIDANCE CONCERNING MACKENZIE PROPOSAL FOR TRANSMITTAL TO UNFDAC. SORENSON

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